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Market Development Reports

Food Business Line - Periodic Press Translations

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Report Highlights:

According to the Japan Food Service Association's report on total restaurant sales, total sales increased by 4.6% from June 2006 to June 2007. It was the first big gain since February 1996. Cheese is selling well at supermarkets and department stores. According to a report by Ministry of Agriculture, Forestry and Fisheries, the consumption of cheese in 2006 was 270,000 tons or an increase of 3% compared to the previous year. Major dairy companies are constructing large scale cheese factories, and the domestic production of cheese is to be doubled next spring. Ito Yokado Co., Ltd. and Seiyu Ltd. (Wal Mart) resumed sales of U.S. beef.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Tokyo ATO [JA2]
[JA]



Food Business Line

Periodic Press Translations from ATO Tokyo Vol. VII, Issue 7, July 1-31, 2007

Retail/Wholesale

- *Ito Yokado Co., Ltd.* resumed sales of U.S. beef on June 29 at its 20 stores in Tokyo metropolitan area. They conducted test sales starting in May and found favorable results. (a. 6/29)
- *Seiyu Ltd.*, which is now under the control of *WalMart Inc.*, will resume full-scale sales of U.S. beef, at all Seiyu group stores in Japan in July. Seiyu was the first major retailer in Japan to resume sale of U.S. beef at its 20 stores since the import ban in December 2003. (b. 7/16)
- Major National chain convenience stores were quick to provide relief supplies including food and drinks to the victims by the earthquake in Niigata that occurred in mid July. The local governments will make an agreement with convenience stores to prepare for natural disasters. (b. 7/25)
- *MaxValu Western Japan* of *Aeon Co., Ltd.* will expand sales of cut vegetables. They have developed their own supply system to shorten delivery time and upgrade temperature management. This will enable them to extend the best before date twice over. (b. 7/23)

Food Service

- *McDonald's Holdings Japan* will start a cafe business in August. Fifteen *McDonald's* stores in the Tokyo area will be renovated into “*Mac Cafes*” as test stores for a year before embarking on larger scale business all over Japan. *Mac Cafe* is aiming at competing with *Doutor Coffee Co.*, *Starbucks Corporation* and other cafe companies. (a. 7/12, b. 7/13)
- According to the *Japan Food Service Association's* report on total restaurant sales in June 2007, the total sales of the member restaurants on a same store basis increased by 4.6% compared to the same month last year. It was the first big gain since February 1996. In particular, fast food chain restaurants including *McDonald's Japan* and *Yoshinoya D&C Co., Ltd.* have seen remarkable recoveries (b. 7/26)

Food Processing/New Products/Market Trends

- *Asahi Breweries Ltd.* and *Kagome Co.* produced their first product “Tomate”, a low alcohol beverage with tomato juice, after their capital and operational alliance started in February. (f. 7/2, g. 6/30)
- Drinking vinegar is very popular among health oriented women and is gaining popularity among working men. A dessert-vinegar specialty store located in the basement of one of major department stores in Tokyo says sales in June increased by 15% compared to the same month last year. The store sells about 20 kinds of dessert wines (fermented fruit wines) including apple, pineapple and blueberry. (a. 6/29)
- Major breweries will strengthen food business. *Kirin Brewery Co., Ltd.* will build a factory to manufacture condiments using beer yeast. *Sapporo Holdings* invested in a potato chips processing company. *Asahi Breweries Ltd.* has bought a couple of health food companies since 2005 to increase sales of food and pharmaceuticals. *Suntory Ltd.* also has a strategy to increase its health food sales up to 50 billion yen by December 2010. (a. 6/29)

- Sales of champagnes and sparkling wines in June increased by 40% compared to the same month last year. They became more popular among women and couples in their late twenties and early thirties. (a. 7/7)
- Sweets with special salt, such as Italian gelato using Sicilian natural salt and chocolate covered almonds with German rock salt “Alpine Salt”, are popular among a wide range of consumers. (a. 7/10)
- From mid June, *Calbee Foods Co., Ltd.* will use potatoes from the U.S. to manufacture 100% U.S. potato chips for the first time after the resumption in February. (b. 6/4)
- Pineapple is regaining popularity as a fresh flavor. Drinks, candies and cut fruit packages are selling well at retail stores. (a. 7/26)
- The wholesale price of lettuce increased due to the long rainy season and low temperature in the major production area of Nagano prefecture. (a. 7/24)
- Korean barbeque is popular in summer and beef was expected to sell well both at food service and retail. However, demands for beef for Korean barbeque have not increased in July, and the market price for beef has dropped. It is thought that consumers have not returned to beef after the ban of the U.S. beef import. (f. 7/23)
- Cheese is selling well at supermarkets and department stores. According to a report by Ministry of Agriculture, Forestry and Fisheries, the consumption of cheese in 2006 was 270,000 tons or an increase of 3% compared to the previous year. Major dairy companies are constructing large scale cheese factories, and the domestic production of cheese is to be doubled next spring. (b. 7/23)

Food Safety/Consumer Awareness

- No significant articles.

ATO/Cooperator/Competitor Activities/Trade Shows

- The *Raisin Administrative Committee* held “The 16th California Raisin Bakery New Products Development Contest” award ceremony. The recipe book introducing recipes created by the past contestants was published in the U.S., and their technical abilities are highly regarded among the U.S. industry. (f. 7/9)

Sources

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|----------------------------------|---|
| (a) The Japan Economic Newspaper | (b) The Nikkei Marketing Journal |
| (c) The Japan Food Journal | (d) The Beverage & Food News Commentary |
| (e) The Japan Food News | (f) The Food Industry News |
| (g) Fuji Sankei Business I | (h) Pan News |

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